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MOTOR VEHICLE RECYCLING AND DISPOSAL PROGRAM

PROGRESS AND FINANCIAL REPORT

SUBMITTED TO THE MONTANA FIFTY-THIRD LEGISLATURE - 1993

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MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES
ENVIRONMENTAL SCIENCES DIVISION
SOLID & HAZARDOUS WASTE BUREAU
HELENA, MONTANA

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Motor Vehicle Recycling and Disposal Program
Legislative Report - December 31, 1992

MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES
SOLID & HAZARDOUS WASTE BUREAU

Program Description

In 1973 the Montana Legislature passed the Motor Vehicle Recycling and Disposal Act, commonly referred to as the state junk vehicle law. The law and regulations adopted pursuant to it serve to promote recycling and improve the aesthetics of Montana by requiring all junk vehicles to be screened from public view and all motor vehicle wrecking facilities to be screened and licensed.

The law also provides for the establishment and funding of county junk vehicle programs. Through these 56 programs, unwanted junk vehicles may be removed at no charge to the owner. Vehicles collected by the county programs are stored in a facility and are periodically recycled by the state through car crushing contracts.

The Solid and Hazardous Waste Bureau of the Montana Department of Health and Environmental Sciences administers the junk vehicle law. Both state and county junk vehicle program officials enforce it.

The Junk Vehicle Program is the only statewide resource recovery program in Montana and is the only one of its type in the nation. Over 144,000 junk vehicles have been collected and recycled through the program. This recycling effort translates into a significant energy savings and a large reduction in mining wastes and air and water pollution over the economic and environmental costs of producing steel from primary materials.

After seventeen program years, the program is still collecting an average of between 6,000 to 7,000 junk vehicles each year that otherwise might not enter the recycling stream. Additionally, thousands more are screened from view, or are removed through private wrecking facilities, as a result of enforcement of the junk vehicle law.

The program was honored by The Council of State Governments with their 1990 Innovations Award as an innovative and exemplary state program. This is one of eight such awards given out by the Council for 1990. As part of the honor, the state's junk vehicle program was recently featured in The Council's Innovations publication series.

The Program has also been awarded the 1990 U.S. EPA Administrator's Award for "excellence in effort and significant contributions to environmental improvement....through recycling".

Fiscal Statement

Section 75-10-533 MCA of the state junk vehicle law requires the Department to prepare the following report for each Legislature. This review provides the legislature with an overview of the program's fiscal and operational status.

The fund has two basic expenditure items: grants to counties to operate local junk vehicle collection and recycling programs, and, DHES expenditures for administration. Program costs at both the county and state level have increased to a point whereby expenditures have exceeded revenues for five of the past six fiscal years. With the implementation of the amendments to the Federal Clean Air Act,[1] program expenditures are anticipated to increase in response to the need to meet the new Federal mandates.

The program has two major revenue sources. The largest comes from earmarked fees charged for motor vehicle license re-registration and title transfers. At the current fee level of 50 cents for each re-registration and $1.50 for each title transfer, approximately $680,000 is generated annually.

Revenue from the sale of junk vehicles through the program is the second greatest source of funding and averages approximately $100,000 annually. This figure varies considerably in the short term depending on the strength of the scrap metal market and the tonnage of vehicles available for recycling. Revenues from junk vehicle recycling projects have fluctuated between a high of $272,750 in FY1989 to a low of $18,000 during the steel market collapse of FY1983.

At the current motor vehicle fee levels, and without continued high scrap metal prices, the program will not be able to continue into the forseeable future without a significant reduction in service and productivity. The present fee schedule has been in effect without change since FY1976. During the first two years of the program, (FY1974-1975), the registration fee was lowered from its initial $1.00 level to 50 cents and the title transfer fee was lowered from $4.00 to $1.50. These legislative adjustments were made to more closely balance the program's revenue with its expenses.

The funding surplus which was produced during the early years of the program has been used to offset the revenue short fall and has been steadily decreasing since FY1982. A substantial decrease occurred to this surplus in FY1987 when $500,000 was transferred by the legislature to the general fund.

To illustrate the program's projected fiscal status for FY1991-1992 and FY1992-1993, the attached budgetary figures have been developed to compare the effect of the current level of expenditures with the present and projected future levels of revenues.

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[1] Federal Clean Air Act requires all CFC's (Freon) to be removed from motor vehicles prior to their being crushed. As of July 1, 1992, CFC's may not be vented into the atmosphere. Current costs for proper CFC removal are averaging $28.00 per unit.

JUNK VEHICLE DISPOSAL PROGRAM

ACTUAL & ESTIMATED OPERATING STATEMENT

DATE: 1 JULY 1990 - 30 JUNE 1995

ACTUAL OPERATING STATEMENT

Fund Balance: July 1, 1990		$ 706,509
Fiscal Year 1991		
Expenditures:		
Administrative Costs	$ 134,407	
County Programs	791,784	
Prior Year Adjustments	(81,186)	
Total Expenditures		$ 845,005
Revenues:		
Wrecking Yard License Fees	$ 10,162	
$1.50 Title Transfer Fees	287,396	
$.50 Registration Fees	378,475	
Sale of Junked Vehicles	220,474	
Prior Year Adjustments	(150)	
Total Revenues		$ 896,357
Fund Balance: July 1, 1991		$ 757,861
Fiscal Year 1992		
Expenditures:		
Administrative Costs	$ 150,097	
County Programs	789,250	
Prior Year Adjustments	(93,876)	
Total Expenditures		$ 845,471
Revenues:		
Wrecking Yard License Fees	$ 10,050	
$1.50 Title Transfer Fees	345,314	
$.50 Registration Fees	429,305	
Sale of Junked Vehicles	124,218	
Total Revenues		$ 908,887
Fund Balance: July 1, 1992		$ 821,277

ESTIMATED OPERATING STATEMENT

Fiscal Year 1993

Budgeted Expenditures:		
Administrative Costs	$ 231,842	
County Programs	800,000	
Prior Year Adjustment (11/92 SBAS)	(57,594)	
Total Expenditures		$ 974,248
Anticipated Revenues:		
Wrecking Yard License Fees	$ 10,300	
$1.50 Title Transfer Fees	296,082	
$.50 Registration Fees	389,914	
Sale of Junked Vehicles	175,000	
Prior Year Adjustment (11/92 SBAS)	3,369	
Total Revenues		$ 874,665
Fund Balance: July 1, 1993		$ 721,694

Fiscal Year 1994

Budgeted Expenditures:		
Administrative Costs	$ 213,999	
County Programs	851,836	
Total Expenditures		$ 1,065,835
Anticipated Revenues:		
Wrecking Yard License Fees	$ 10,400	
$1.50 Title Transfer Fees	300,523	
$.50 Registration Fees	395,763	
Sale of Junked Vehicles	120,000	
Total Revenues		$ 826,686
Fund Balance: July 1, 1994		$ 482,545

Fiscal Year 1995

Budgeted Expenditures:		
Administrative Costs	$ 222,987	
County Programs	869,254	
Total Expenditures		$ 1,092,241
Anticipated Revenues:		
Wrecking Yard License Fees	$ 10,500	
$1.50 Title Transfer Fees	305,030	
$.50 Registration Fees	401,700	
Sale of Junked Vehicles	140,000	
Total Revenues		$ 857,230
Fund Balance: July 1, 1995		$ 247,534

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